



FEDERAL RESERVE SYSTEM

Agency information collection activities: Announcement of Board approval under delegated authority and submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY:

Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503.

Final approval under OMB delegated authority to revise and extend for three years the following report:

Report title: Annual Company-Run Stress Test Report for State Member Banks, Bank Holding Companies, and Savings and Loan Holding Companies with Total Consolidated Assets Greater Than \$10 Billion and Less Than \$50 Billion.

Agency form number: FR Y-16.

OMB control number: 7100-0356.

Frequency: Annual.

Reporters: Bank holding companies (BHCs) and savings and loan holding companies (SLHCs) with average total consolidated assets of greater than \$10 billion but less than \$50 billion, and any affiliated or unaffiliated state member bank (SMB) with average total consolidated assets of more than \$10 billion but less than \$50 billion, excluding SMB subsidiaries of covered companies.

Estimated annual reporting hours: BHCs: 24,388 hours; SLHCs: 3,283 hours; SMBs: 4,690 hours; One-time implementation: 7,200 hours.

Estimated average hours per response: BHCs: 469 hours; SLHCs: 469 hours; SMBs: 469 hours; One-time implementation: 3,600 hours.

Number of respondents: BHCs: 52; SLHCs: 7; SMBs: 10; One-time implementation: 2.

General description of report: This information collection is authorized pursuant section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which specifically authorizes the Board to issue regulations implementing the annual stress testing requirements for its supervised institutions (12 U.S.C. 5365(i)(2)(C)). More generally, with respect to BHCs, section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)), authorizes the Board to require a BHC and any subsidiary “to keep the Board informed as to – (i) its financial condition, [and] systems for monitoring and controlling financial and operating risks” Section 9(6) of the Federal Reserve Act (12 U.S.C. 324), requires SMBs to make reports of condition to their supervising Reserve Bank in such form and containing such information as the Board may require. Finally, with respect to SLHCs, under section 312 of the Dodd-Frank Act (12 U.S.C. 5412), the Board succeeded to all powers and authorities of the Office of Thrift Supervision, U.S. Department of the Treasury, and its Director, including the authority to require SLHCs to “file ... such reports as may be required ... in such form and for such periods as the [agency] may prescribe” (12 U.S.C. 1467a(b)(2)).

The obligation to respond is mandatory. Section 165(i)(2)(A) provides that “financial companies that have total consolidated assets [meeting the asset thresholds] ... and are regulated by a primary Federal financial regulatory agency shall conduct annual stress tests.” Section 165(i)(2)(B) provides that a company required to conduct annual stress tests “shall submit a report to the Board and to its primary financial regulatory agency at such time, in such form, and containing such information as the primary financial regulatory agency shall require” (12 U.S.C. 5365(i)(2)(B)).

As noted under section 165(i)(2)(C)(iv), companies conducting annual stress tests under these provisions are “require[d] ... to publish a summary of the results of the required stress tests.” (12 U.S.C. 5365(i)(2)(C)(iv)). Regarding the information collected by the Board, however, as such information will be collected as part of the Board’s supervisory process, it may be accorded confidential treatment under Exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). This information also is the type of confidential commercial and financial information that may be withheld under Exemption 4 of FOIA (5 U.S.C. 552(b)(4)).

Abstract: The FR Y-16 applies to BHCs, SLHCs,¹ and SMBs, excluding SMB subsidiaries of covered companies,² with average total consolidated assets of greater than \$10 billion but less

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) annual company-run stress testing requirements do not apply to SLHCs until 2017, and will only apply to an SLHC that is subject to minimum regulatory capital requirements. See 12 CFR 252.13(b)(2)(iii).

² “Covered company” is defined in 12 CFR 252(g) as a BHC (other than a foreign banking organization (FBO)) with average total consolidated assets of \$50 billion or more; a U.S. intermediate holding company (IHC) subject to 12 CFR 252.153, and a nonbank financial company supervised by the Board.

than \$50 billion. The annual FR Y-16 report collects quantitative projections of revenues, losses, assets, liabilities, and capital across three scenarios provided by the Federal Reserve (baseline, adverse, and severely adverse) and qualitative supporting information on the methodologies and processes used to develop these internal projections. The FR Y-16 collects data through two primary schedules: (1) the Results Schedule (which includes the quantitative results of the stress tests under the baseline, adverse, and severely adverse scenarios for each quarter of the planning horizon) and (2) the Scenario Variables Schedule. In addition, respondents are required to submit a summary of the qualitative information supporting its quantitative projections. The qualitative supporting information must include:

- a description of the types of risks included in the stress test;
- a summary description of the methodologies used in the stress test;
- an explanation of the most significant causes for the changes in regulatory capital ratios, and
- the use of the stress test results.

Results Schedule: For each of the three supervisory scenarios (Baseline, Adverse, and Severely Adverse), data are reported on two supporting schedules: (1) the Income Statement Schedule and (2) the Balance Sheet Schedule. In addition, the Results Schedule includes a Summary Schedule, which summarizes key results from the Income Statement and Balance Sheet Schedules.

Income statement data are collected on a projected quarterly basis showing both projections of revenues and losses. These data are organized in a similar fashion to the mandatory Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), Schedule HI – Consolidated Income Statement, and the Consolidated Report of Condition and Income (FFIEC 031 and FFIEC 041; OMB No. 7100-0036) (Call Report), Schedule RI – Income Statement. For example, respondents project net charge-offs by loan type (stratified by twelve specific loan types), gains and losses on securities, pre-provision net revenue, and other key components of net income (i.e., provision for loan and lease losses, taxes, etc.).

Balance sheet data are collected on a quarterly basis for projections of certain assets, liabilities, and capital. These data are organized in a similar fashion to the FR Y-9C, Schedule HC – Consolidated Balance Sheet, and Call Report, Schedule RC – Balance Sheet. For example, respondents would project loans, allowance for loan and lease losses, securities, funding sources, and equity capital. Capital data are also collected on a projected quarterly basis and include components of regulatory capital, including the projections of risk weighted assets and capital actions such as common dividends and share repurchases.

Scenario Variables Schedule: To conduct the stress tests, an institution may choose to project additional economic and financial variables beyond the mandatory supervisory scenarios provided to estimate losses or revenues for some or all of its portfolios. In such cases, the institution would be required to complete the Scenario Variables Schedule for each scenario where the institution chooses to use additional variables. The Scenario Variables Schedule collects information on the additional scenario variables used over the planning horizon for each supervisory scenario.

Current Actions: The revisions to the FR Y-16 report would be effective for the 2016 stress test cycle and would: (1) change the report as-of date from September 30 to December 31, (2) change the reporting submission or due date from March to July, and (3) modify the reporting instructions to make corresponding changes to the dates, reflect technical changes related to final implementation of BASEL III requirements, and to clarify certain of the instructions in coordination with the other federal regulatory agencies. None of the changes impose additional information collection requirements.

On July 8, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR 39117) requesting public comment for 60 days on the proposal to revise and extend for three years the Annual Company-Run Stress Test Report for \$10-50 Billion Companies. The comment period for this notice expired on September 8, 2015. The Federal Reserve did not receive any comments, and the information collection will be revised as proposed.

Board of Governors of the Federal Reserve System, January 7, 2016.

Robert deV. Frierson,
Secretary of the Board.
Billing Code 6210-01-P

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